



Transaction Privilege Tax Changes and News

This publication is an informational notice included with the May 2007 Transaction Privilege Tax Return.

TOWN OF FREDONIA

Effective April 1, 2007: On December 12th, 2006 the Mayor and Town Council of the Town of Fredonia passed ordinance number 06-003. Ordinance 06-003 increases the Fredonia Town Privilege Tax from **2% to 4%**. The tax rate increase affects the following classifications:

Advertising; Amusements; Construction Contracting; Job printing; Manufactured buildings; Timbering and other extraction; Publishing; Hotels; Rental, leasing and licensing for use of real property; Rental, leasing, and licensing for use of tangible personal property; Restaurants and Bars; Retail; Telecommunications; Transporting for hire and Utilities.

Ordinance 06-003 selects Model Option 15 thus instituting Article VI-Use Tax of the Model City Tax Code. The Town of Fredonia use tax rate is **4%** and shall be reported using **FD002**.

This increase imposed by this ordinance shall not apply to contracts entered into prior to the effective date of the ordinance. Pre-existing contracts should be reported using **FD009** at a rate of **2%**.

TOWN OF PIMA

Effective June 1, 2007: On May 1st, 2007 the Mayor and Town Council of the Town of Pima passed ordinance number 127. Ordinance 127 increases the Pima Town Privilege Tax on Construction contracting; construction contractors, Construction contracting; speculative builders and Construction contracting owner-builders who are not speculative builders from **2% to 3%**. The tax on Construction contracting shall be reported using **PM015**.

This increase imposed by this ordinance shall not apply to construction contracts entered into prior to the effective date of the ordinance. Pre-existing contracts should be reported using **PM008** at a rate of **2%**.

CITY OF APACHE JUNCTION

Effective July 1, 2007: The City of Apache Junction will no longer be a program city in the Cities Program of the Arizona Department of Revenue.

The Department of Revenue will no longer be administering Apache Junction's transaction privilege tax program; however, the department will continue to collect those taxes due to the city and remaining unpaid for months prior to July 1, 2007. Beginning July 1, 2007, the City of Apache Junction will administer and collect its own transaction privilege tax.

Reporting periods beginning with July 2007 and after should be sent directly to the City of Apache Junction. For periods June 2007 and prior, the Department of Revenue will continue to collect those taxes due to the city. To contact the City of Apache Junction, please call 480-982-8002 for more information.

CITY OF ELOY

Effective July 1, 2007: On April 23rd, 2007 the Mayor and City Council of the City of Eloy passed ordinance number 07-681. Ordinance 07-681 adopted Local Option V which modifies Section 8A-460-Retail Sales of the City Tax Code. Option V imposes a two-tier tax on retail sales for single items that exceed \$6,000.

If a **single item** is sold at a cost that exceeds **\$6,000**, the first \$6,000 is taxed at **3%** using **EL000**; however the portion that exceeds \$6,000 shall be taxed at **1.5%** using **EL006**.

911 WIRELESS AND WIRELINE RATE REDUCTION; REPORTING

Effective July 1, 2007: The Arizona State Legislature approved a decrease to the 911 Wireless Telecommunications tax (class 036) and the 911 Wireline Telecommunications tax (class 131) pursuant to A.R.S. §42-5252. The new monthly rate will be 20¢ per activated wireless and wireline service account (e.g., landline, cellular and Voice over Internet Protocol (VoIP) subscriber accounts), effective July 1, 2007. Also effective July 1, taxpayers filing under the class 036 and class 131 codes should report under the new combined class **911** code for 911 Telecommunications tax. For more information, check our web site (www.azdor.gov).

ESTIMATED PAYMENT REMINDER

Annual estimated payments of the transaction privilege, telecommunication services excise and county excise taxes are required, if a taxpayer's actual combined tax liability for the transaction privilege, telecommunication services excise and county excise taxes in the preceding calendar year was \$1,000,000 or more, or if the taxpayer can reasonably anticipate a liability for such taxes of \$1,000,000 or more in the current year. For purposes of the annual estimated tax payment, "taxpayer" is defined as the business entity under which the business reports and pays state income taxes, regardless of the number of business locations collecting the transaction privilege, telecommunication services excise and county excise taxes.

The amount of payment required is either the actual Transaction Privilege Tax liability for the first 15 days of June 2007 or one-half of the actual Transaction Privilege Tax liability for May 2007.

EFT ESTIMATED TPT FILERS

For those taxpayers who are required or electing to pay in immediately available funds pursuant to A.R.S. § 42-1129 (Electronic Funds Transfer) for their annual estimated TPT tax payment pursuant to A.R.S. § 42-5014.D., please note the threshold has been increased from \$100,000 to \$1,000,000 based on the actual tax liability in the preceding calendar year.

When making your EFT estimated payment, it is essential that Tax Type Code '042' be used to ensure the transaction properly posts to your account. The due date for the EFT estimated payment for EFT filers is June 20th. However, the payment is not delinquent as long as the transfer of funds occurs on or before the business day preceding the last business day of June. (For 2007, the transfer must occur no later than June 28.)

The two methods available to calculate your June EFT estimated payment are:

- (1) One half of the actual tax liability from the month of May or
- (2) The actual tax liability collected from June 1st thru June 15th.

Please note your twelve regular monthly payments must be transmitted separately using Tax Type Code '041'.

If you have any questions, please feel free to call the EFT Unit at (800) 572-7037 or (602) 716-7807 from the Phoenix Metropolitan area.

The Department of Revenue has a website where you can make payments, file returns, and view your payment and filing history for Transaction Privilege and Withholding Tax. Visit the site, www.aztaxes.gov and follow the instructions for the simple registration process.